

## Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 PA-04

PRS-01 USIA-15 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 PC-04 AGR-20 INT-08

DRC-01 /213 W

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R 020900Z APR 74

FM AMEMBASSY DAKAR

TO SECSTATE WASHDC 6381

INFO AMEMBASSY ABIDJAN

AMEMBASSY BAMAKO

AMEMBASSY NOUAKCHOTT

AMEMBASSY PARIS

AMEMBASSY BANJUL

UNCLAS DAKAR 1735

EO 11652N/A

TAGS: ECON EFIN ETRN SG

SUBJ: SENGHOR'S ANNUAL ECONOMIC POLICY STATEMENT

1. IN TWO HOUR ANNUAL ECONOMIC POLICY ADDRESS TO ECONOMIC AND SOCIAL COUNCIL, PRESIDENT SENGHOR ANNOUNCED SENEGAL'S BALANCE OF TRADE DEFICIT FOR 1973 WOULD BE ON ORDER OF 37 BILLION CFA (\$145 MILLION), COMPARED TO \$64 IN 1972. SENGHOR ATTRIBUTED INCREASED DEFICIT TO DROUGHT, ENERGY CRISIS, AND CONTINUING DETERIORATION IN TERMS OF TRADE. ESTIMATED 1974 PETROLEUM IMPORTS WILL COST \$60 MILLION MORE THAN 1973 AND WILL OUTSTRIP RECENT GAINS DUE RISES IN WORLD MARKET PRICES PEANUTS AND PHOSPHATES, LEADING SENEGALESE EXPORTS.

2. GOS TREASURY HAS ALSO SUFFERED THROUGH INCREASED SUBSIDIES OF BASIC COMMODITIES. GOS WILL HAVE SPENT ALMOST \$50 MILLION DURING TWO YEAR PERIOD 1973-74 TO SUBSIDIZE RETAIL PRICES OF RICE, SUGAR,  
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AND FLOUR. SENGHOR FEELS GOS CAN NO LONGER DO THIS AS MANY COMMODITIES ARE SMUGGLED TO NEIGHBORING COUNTRIES. GOS WILL MOVE

PROGRESSIVELY TOWARD POLICY OF NONSUBSIDIZATION ("VERITE DES  
PRIX") IN ALL SECTORS.

3. SENGHOR ALSO NOTED THAT SENEGAL SPENT \$40 MILLION IN FREIGHT  
COSTS ON IMPORTS AND EXPORTS IN 1972. TRANSPORTATION IS SENEGAL'S  
"LEADING IMPORT" (\$24 MILLION FOR IMPORTS AND \$16 MILLION FOR  
EXPORTS). CALLING THIS EXCESSIVE, HE CALLED FOR ESTABLISHMENT OF  
ASSOCIATION OF SENEGALESE SHIPPING AGENTS TO FORCE LARGE SHIPPING  
LINES TO LOWER EXORBITANT RATES. HOPES TO EXPAND IDEA TO OTHER  
CEAO NATIONS IN WEST AFRICA, AND CITED SUCCESSFUL COUNTERPART IN  
IVORY COAST.

4. SENGHOR DISCUSSED SENEGALIZATION "FOR THE LAST TIME". SENEGAL  
WILL SENEGALIZE 3,500 OF THE 7,000 EXPATRIATE PRIVATE SECTOR  
POSITIONS BY 1980. SENGHOR REITERATED POLICY OF REPLACING EXPATRI-  
ATES ONLY WITH SENEGALESE OF EQUAL TRAINING AND COMPETENCE. ALL  
FIRMS IN COUNTRY HAVE ACCEPTED PRINCIPLE AND SUBMITTED SENEGALIZATION  
PLANS TO GOS. SENGHOR EMPHASIZED NEED TO CONTINUE TO RECRUIT  
FOREIGN INVESTMENT AND THAT TRUE SENEGALIZATION CAN ONLY COME THROUGH  
CREATION OF NEW JOBS.

5. SENGHOR EXPRESSED SATISFACTION WITH GROWTH IN INDUSTRIAL,  
TOURISM, FISHING, AND DIVERSIFIED AGRICULTURE SECTORS OF ECONOMY.  
REAFFIRMED HIS FAITH IN LARGE DEVELOPMENT PROJECTS SUCH AS DAKAR  
MARINE (SUPERTANKER REPAIR FACILITY), FREE TRADE ZONE, GIANT  
REFINERY, SENEGAL RIVER DEVELOPMENT WITH MANANTALI AND DELTA DAMS,  
AND OTHER LARGE FOREIGN INVESTMENTS.

6. SENGHOR'S REMARKS ON PRIMARY PRODUCT PRICES AND US ASSISTANCE  
REPORTED SEPTELS. FURTHER DETAILS WILL BE SUBMITTED BY AIRGRAM.  
AGGREY

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